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SUBJECT: BRAZIL: VIEWS ON PROPOSED NUCLEAR FUEL BANKS - INTERESTING IDEAS THAT NEED CLARIFICATION

REF: STATE 85122

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¶1. (SBU) SUMMARY. The Government of Brazil is interested in discussing further the proposals for nuclear fuel banks. In particular, it has concerns about possibly restricting a country's right to nuclear technology for peaceful purposes and also about under what criteria a country could draw on such a fuel bank. END SUMMARY

¶2. (SBU) On September 11, Science Counselor and Science Officer discussed the nuclear fuel bank proposals (per REFTEL) that are before the International Atomic Energy Agency (IAEA) with Brazil's Ministry of External Relations' (MRE) Acting Director of the Division for Disarmament and Sensitive Technologies Fabio Simao Alves. According to Alves, the MRE viewed the various proposals - one for a uranium reserve in Russia and another for a bank to be financed by a group of countries including the United States - as good ideas that needed further discussion and development.

¶3. (SBU) Most importantly, Alves stressed that the MRE wanted to know in greater detail the criteria for granting access to the nuclear fuel banks. He said that Brazil's representative to the IAEA had been raising these questions there. In particular, Brazil was inquiring about under what circumstances could a country be cut off from all nuclear fuel suppliers, yet not be cut off by UN action. He pointed to the cases of Iran and North Korea where they would have been denied access to the fuel banks if they existed. In other words, what sort of behavior could warrant all the fuel suppliers cutting a country off but that the UN would not do likewise. Alves commented that it looked like these banks were "designed not to work."

¶4. (SBU) Brazil does have one redline with these proposals, namely, that the proposals cannot interfere with a country's right to develop and use nuclear technology for peaceful purposes, specifically enrichment and reprocessing technology. Alves did not assert that there was necessarily a conflict between the proposals and this right, however, Brazil would want that issue discussed and clarified first.

¶5. (SBU) For Brazil's part as a potential fuel producer, it has a strategic goal of producing sufficient nuclear fuel to supply the two existing reactors, the one now under construction, and the proposed 4 to 8 new ones envisioned by 2030. Alves explained that Brazil after meeting this strategic goal might become a supplier to other countries, but to date that had not been set as a goal. He noted that Brazil's constitution and laws allowed for it to engage in selling nuclear fuel to others. The laws would only need to be modified if the government wanted to allow private sector participation in the field. Currently, all the entities involved in mining uranium, constructing nuclear facilities, and operating

nuclear facilities are state owned.

¶6. (SBU) COMMENT. Brazil has a good understanding of the nuclear fuel bank proposals. However, it seems to be giving greater weight to the concern that these proposals might restrict access of developing countries to nuclear technology than to the non-proliferation or other benefits. Still, if the USG and others can address the concerns raised by Brazil and clarify the criteria for when a country could have access to one of these banks, Brazil might be willing not to block adoption of either of these proposals.
END COMMENT.

KUBISKE